FINANCE

1. Department Details

MISSION

The mission of the Department of Finance is to foster an environment for stable, effective and efficient government by:

1. Acquiring and managing the necessary financial resources to ensure delivery of programs and services to residents in an affordable, sustainable and accountable manner.

2. Maintaining a fair and stable taxation regime that meets the needs of individuals and businesses, supports a strong economy, and is responsive to economic, social and environmental matters.

3. Managing the information resources of the government.

4. Manage liquor distribution and sales, and enforce liquor legislation and regulations.

GOALS

1. A strong sustainable financial position for the Government of the Northwest Territories.

2. The fiscal regime of the Northwest Territories supports a stable political environment and a strong economy that is able to address key social, economic and environmental initiatives.

3. The Government of the Northwest Territories has the fiscal and financial information and analysis necessary to support policy development and decision making.

4. The Government of the Northwest Territories' assets and liabilities are managed effectively.

5. The Government of the Northwest Territories is organized for maximum efficiency.

6. The Department of Finance is responsive to client needs.

7. Public confidence in the prudence and integrity of the Government of the Northwest Territories is maintained through a financially open and accountable government.

Operating Environment

The global economic downturn had negatively impacted the Government of the Northwest Territories' (GNWT) fiscal position, as revenues have weakened. Despite this downturn, the GNWT was committed to help mitigate the decline in economic activity in the Northwest Territories (NWT) by significantly investing in infrastructure but ensuring the ongoing fiscal plan included measures to return the GNWT to a more sustainable path.

The NWT economy is showing signs of recovery from the global economic downturn; however, it has not returned to the pre-recessionary peak. Although the economic outlook for the NWT is good, the forecasted 2012 GDP is still about 20 per cent lower than the highs reached in 2007. At that time, when the two operating diamond mines were producing record carats and undertaking heavy construction and a third diamond mine was being built. To return to the peak economic activity reached in 2007 will require another large project. Projects such as Gahcho Kué, Prairie Creek and Pine Point will facilitate economic growth in the Deh Cho and South Slave. These and other future mines are critical to our economy over the medium term as our existing mines reach their half-lives.

As global economies recover, all levels of governments are facing new fiscal realities, such as, downgrades in credit ratings and insolvency issues.

Although the GNWT is one of the best managed jurisdictions in Canada, fiscal discipline is still required to keep our fiscal house in order to ensure:

1. Our Aa1 credit rating is maintained by continuing our commitment to the *Fiscal Responsibility Policy* by limiting borrowing for operating expenditures and reducing borrowing costs. A strong credit rating is not just about lower debt costs, it also signals a fiscally strong and stable environment for outside investment.

2. The GNWT stays within its federally imposed borrowing limit. The GNWT worked collaboratively with Canada to secure an increase to our borrowing limit from $575 million to $800 million. Although this provides the GNWT with the added flexibility to invest in capital, it is not as substantial as the new limit would suggest if fiscal discipline is not maintained.

   The GNWT's borrowing is made up of both long-term and short-term debt. Most of the long-term debt is self-financing through user fees or ratepayers. The short-term debt needs to be carefully managed to ensure we have both the borrowing room and cash to pay for future investments.

The increase in infrastructure spending over the last few years required short-term borrowing. As the private sector rebounds, the GNWT will need to start reducing short-term borrowing and start to rebuild our cash to more sustainable levels. This means generating sufficient operating surpluses to repay short-term borrowing and fund a minimum of half of new capital investments with cash.

At the same time, the GNWT will need to recognize that returning to historical levels of infrastructure spending will not address its growing infrastructure deficit.

The GNWT has limited options for potential revenue growth in the near term. The Territorial Formula Financing Grant makes up 70 per cent of the GNWT's budget for programs and services. Although the federal Minister of Finance has assured the Territories that the formula will not change through to 2018-19, the Grant's growth will slow significantly because of stagnant population growth and restraint in provincial government spending. While work continues with Canada to secure federal transfers in priority areas such as health and infrastructure, the March 29th federal budget is a clear indication that new funding through federal transfers should not play a significant role in short-term fiscal planning.

In the absence of new opportunities to significantly grow revenues in the near future without adversely impacting NWT residents, a continued commitment to constrain expenditure growth is required. The increased borrowing limit will provide the opportunity to increase investment in capital during the last two years of the 17th Assembly; however, the GNWT will continue to incur short-term borrowing in order to do this. To ensure the GNWT continues to pay down short-term borrowing, and look at addressing the infrastructure deficit over the longer term, the GNWT's current fiscal strategy may need to be revised to constrain expenditure growth further and/or implement expenditure reductions. An increase to capital spending is not sustainable over the long term given the GNWT's minimal revenue growth projection over the next few years. Successful conclusion of a devolution final agreement would provide more revenue to the GNWT and could alleviate some of the fiscal pressures the GNWT is facing.

KEY ACTIVITY 1: DEPUTY MINISTER'S OFFICE

Description

The Deputy Minister's Office includes the Office of the Deputy Minister/Secretary of the Financial Management Board and the Policy and Planning Division.

The duties and responsibilities of the Deputy Minister of Finance/Secretary of the Financial Management Board are conducted as described in the *Financial Administration Act*. In addition, this Division directs the support of the Financial Management Board and provides financial and administrative leadership for the GNWT.

The Policy and Planning Division is responsible for: developing and maintaining departmental policies, the department's budget management program, and the records management program; the provision of information systems and information management support to the department; providing strategic advice on departmental performance and emerging issues and coordinating the department's involvement in the self-government and devolution processes.

Other Initiatives

Financial Administration Act (FAA)
The last major review of the FAA was undertaken in 1987. As a result of changes in the operating environment and other issues that have arisen over time, the current FAA no longer effectively meets the needs of GNWT operations.

A legislative proposal was submitted into the legislative review process in 2011, however the legislative proposal was pulled and scheduled to be placed on the 17th Legislative Assemblies' legislative agenda. An updated legislative proposal is being finalized and will be submitted into the legislative review process in 2012. Drafting instructions and an analysis of corresponding regulation changes are also being finalized. Work has also commenced on a broader restructuring of the Financial Administration Manual (FAM).

Northern Employee Benefits Services (NEBS) Pension Plan
The Department continues to work on solutions to the regulatory and financial issues affecting the NEBS Pension Plan. A legislative solution to the NEBS Pension Plan issues will require a partnership with the Government of Nunavut (GN). The GNWT will enter into a Memorandum of Understanding (MOU) for the purpose of expressing a commitment by both governments to develop legislation for the NEBS Pension Plan in both territories. A work plan has also been agreed to, which includes targeted timelines for the introduction of a legislative proposal in fiscal 2012-2013, and the passing of a NEBS bill during the 2013-14 fiscal year in both territories.

Department Review
The Department is currently undertaking a review to ensure that the model implemented when the Department of Finance and the Financial Management Board Secretariat amalgamated on April 1, 2009 is still effective, efficient and economical. As part of the review there may be a need to internally reallocate resources to better meet the operational needs of the Department. Any internal reallocation will be included in the Department's 2013-14 Main Estimates.

KEY ACTIVITY 2: FISCAL POLICY

Description

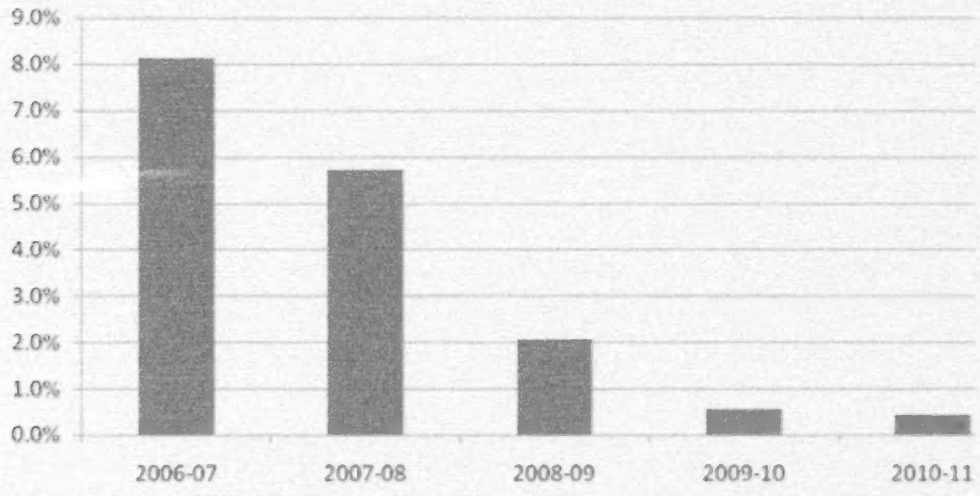
Fiscal Policy is responsible for providing research, analysis and recommendations on the fiscal policies of the government; monitoring economic conditions as they affect the government's fiscal position; providing macroeconomic research and policy advice; providing analysis and advice on Canadian and NWT tax policies; monitoring and advising on intergovernmental fiscal relations; and preparing the annual budget address. The Division also provides technical support for the Minister and Deputy Minister of Finance in federal-provincial-territorial discussions and represents the GNWT on intergovernmental Finance committees.

Performance Measures

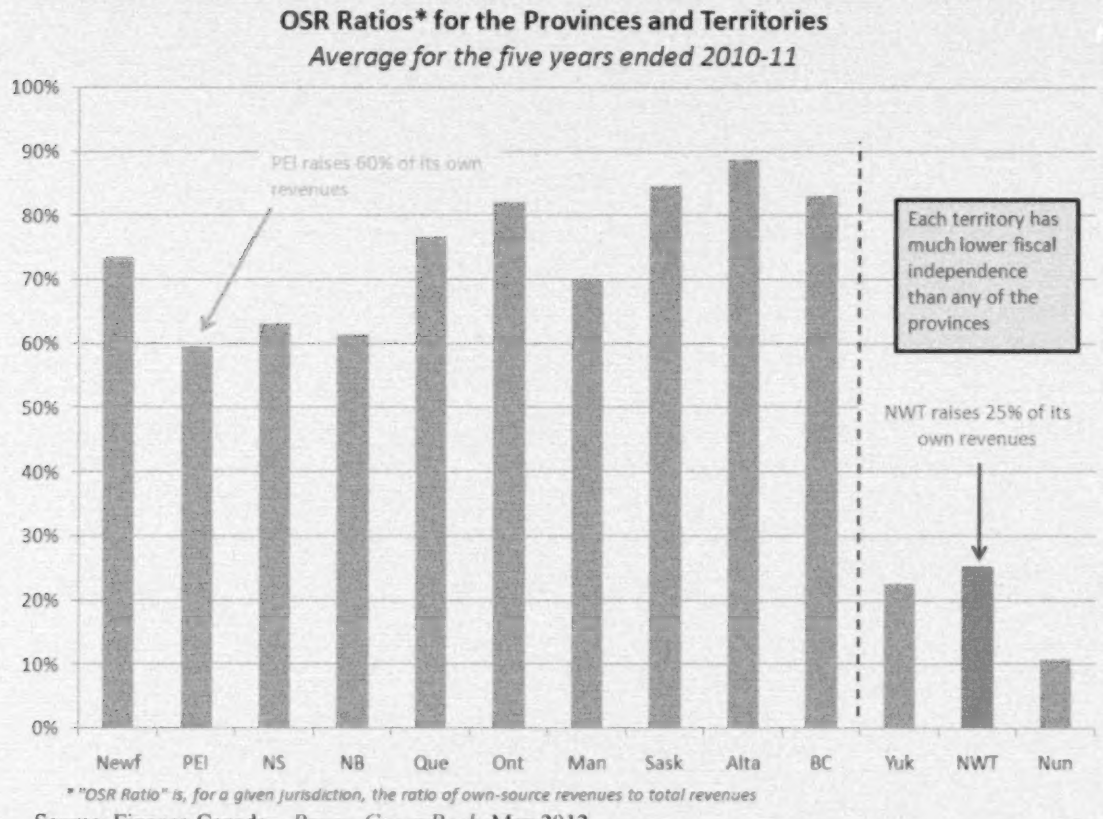
Measure 1: Regular, accurate forecasts of revenue are prepared so that the GNWT has the necessary information for budget planning and fiscal strategy.

- Over the past five years the budget forecasts have become more accurate.

Main Estimates Revenue Variance from Actuals (Absolute Values)



Measure 2 – Fiscal independence – GNWT own source revenues as a per cent of total revenues



Source: Finance Canada – *Brown-Green Book*, May 2012

Other Initiatives

Macroeconomic Framework

In advance of the drafting the *Economic Development Strategy* and *Mineral Development Strategy* announced in the 2012 Budget, Finance will take steps to further implement the existing *Macroeconomic Policy Framework*. The *Macroeconomic Policy Framework* is designed to support the GNWT in assessing the effect of GNWT policy and investment decisions on the NWT economy. With the finalization of the devolution agreement for the management of non-renewable resources to the GNWT, consideration of the criteria set out in the *Macroeconomic Policy* for making investment decisions will be more important. Work will be ongoing this year to support departments to consider these criteria in developing specific programs.

The economic indicators contained within the *Macroeconomic Policy Framework* have been tracked against their baseline values for the past five years and reported publically in the papers accompanying the annual *Budget Address*. A thorough review of the performance of the NWT economy as measured by these indicators is planned for the upcoming year. The review will consider potential improvements to the set of indicators.

Revenue Stabilization Fund

The GNWT typically derives over 70 per cent of its revenues from the Territorial Formula Financing (TFF) Grant from the federal government. Although the TFF arrangements are predictable revenues, the GNWT's dependence on this single revenue source leaves it vulnerable to sudden revenue shocks. This volatility limits the effectiveness of GNWT fiscal planning, and this, in turn, leads to the GNWT making reactive rather than strategic fiscal decisions. As announced in the 2012-13 Budget Address, Finance is investigating the possibility of a Revenue Stabilization Fund, similar to that in other provinces, to more actively manage sharp increases and decreases in revenues.

KEY ACTIVITY 3: BUDGET, TREASURY, AND DEBT MANAGEMENT

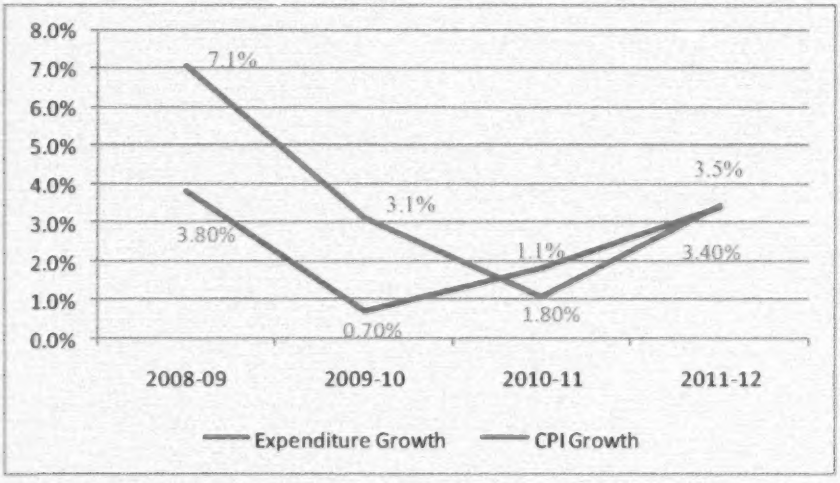
Description

The Budget, Treasury and Debt Management Activity is responsible for the management of the government's financial resources to ensure that public funds are properly budgeted and monitored, that the return on investments is maximized, and the government's cash and debt management costs are minimized within required risk parameters. The Activity is also responsible for supporting the operations of the Financial Management Board (FMB), supporting the GNWT Public Private Partnership Policy and Management Framework, the GNWT Heritage Fund, licensing and regulating insurance companies, agents, brokers and adjusters operating in the NWT, administering legislated tax programs, and administering the GNWT's insurance and self-insurance programs.

Performance Measures

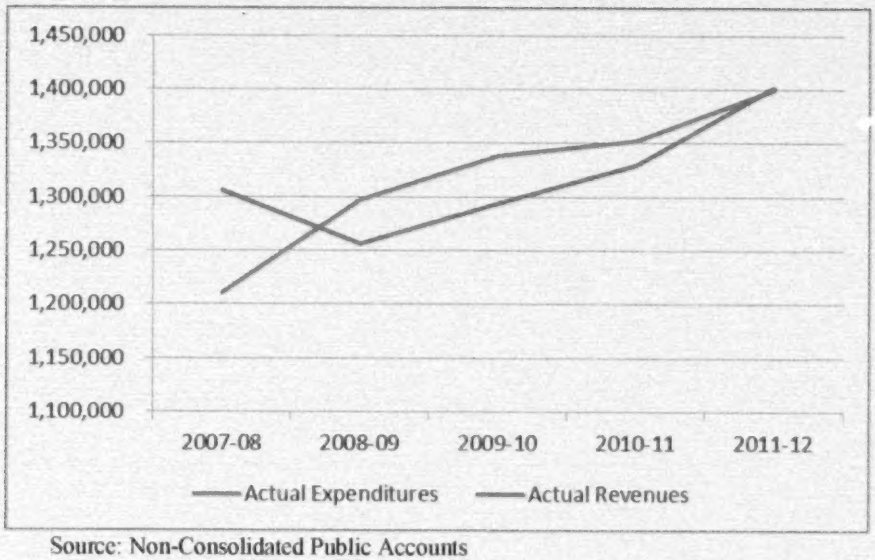
Measure 1 - Disciplined Government Spending

a) Sustainable operating spending growth
Goal: Operating spending less than growth in the Consumer Price Index



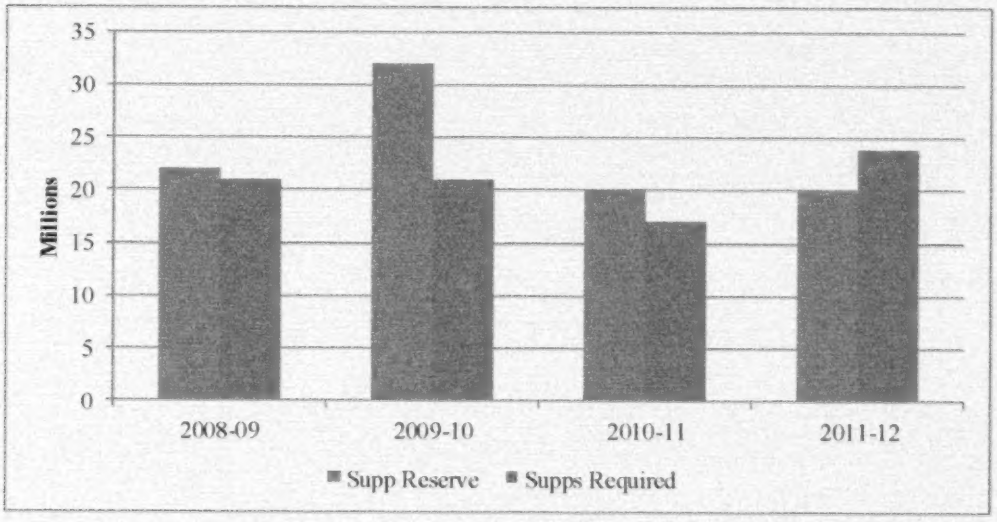
Source: Non-Consolidated Public Accounts and CPI for Yellowknife

b) Revenue and operating expenditures



Source: Non-Consolidated Public Accounts

c) Amount Over/Under the Supplementary Appropriation Reserve



Measure 2 - Tax assessments for non-compliance with tax statues

- A measure of the effectiveness of the Tax Audit function over a year

Fiscal Year	Number of Audits	Number of Audits with additional assessments	Additional Assessment Dollars
2008-2009	21	3	$17,754
2009-2010	36	7	$303,801
2010-11	36	12	$782,847
2011-12	54	20	$343,470

Measure 3 - Compliance with the GNWT's Fiscal Responsibility Policy

- The Fiscal Responsibility Policy contains performance criteria on fiscal management and borrowing:

a) **Debt to Revenue** – A decreasing ratio is a positive indicator that the rate of increase in revenue exceeds the rate of increase in debt.

Goal: In the lowest 4 among provinces and territories

- 2008-09: 23.8% 3rd lowest among provinces/territories
- 2009-10: 24.3% 3rd lowest among provinces/territories
- 2010-11: 22.6% 3rd lowest among provinces/territories

b) **Debt per Capita** – A measure of the debt burden on a per person basis. A decreasing ratio reflects a decreasing debt burden, hence a positive indicator.

Goal: In the lowest 5 among provinces and territories

- 2008-09: $7,610 5th lowest among provinces/territories
- 2009-10: $7,932 5th lowest among provinces/territories
- 2010-11: $7,624 5th lowest among provinces/territories

c) **Debt Servicing Costs** – Non-consolidated debt interest less investment income from sinking funds on non-consolidated debt.

Goal: In the lowest 4 among provinces and territories

- 2008-09: $8,255,000 2th lowest among provinces/territories
- 2009-10: $16,490,000 3rd lowest among provinces/territories
- 2010-11: $16,692,000 3rd lowest among provinces/territories

d) **Debt Servicing Payments as a per cent of Revenues** – An indicator of the extent to which revenues are being applied to debt charges rather than to programs and services, or resources that could otherwise be devoted to reducing taxes.

Goal: Not to exceed 5% of revenues.

- 2008-09: 0.6%
- 2009-10: 1.2%
- 2010-11: 1.1%

e) **Net Debt, as a per cent of GDP** – increasing percentage indicates revenue grow is not exceeding rate of growth of debt.

Goal: In the lowest 4 among provinces and territories

- 2008-09: 0.7% 3rd lowest among provinces/territories
- 2009-10 4.9% 3rd lowest among provinces/territories
- 2010-11 8.3% 4th lowest among provinces/territories

f) **Net Debt per Capita** – indicator of ability to finance activities and meet obligations.

Goal: In the lowest 5 among provinces and territories

- 2008-09: $697 3rd lowest among provinces/territories
- 2009-10 $5,118 4th lowest among provinces/territories
- 2010-11 $8,725 5th lowest among provinces/territories

Measure 4 - GNWT Credit Rating

A measure of sound fiscal policies, adherence to these policies and current and future debt burden:

- Goal – maintenance of current investment grade rating
  - 2008-09: Aa1 (Moody's)
  - 2009-10: Aa1 (Moody's)
  - 2010-11: Aa1 (Moody's)

Other Initiatives

Fiscal Strategy

The establishment of a fiscal strategy is an essential element of the government's planning effort. The current fiscal strategy calls for a return to surpluses to pay down the short–term borrowing incurred for capital investments over the past few years and to generate cash to invest in future infrastructure projects.

In order to return to a cash surplus, the 2013-14 fiscal strategy includes the following key components:

- Expenditure growth, net of compensation increases, will be capped at 2 per cent for both forced growth and new initiatives.
- Capital investment in core GNWT, community and housing infrastructure will continue to be funded at $137.5 million for 2013-14. It is expected that in 2014-15 and 2015-16 the capital investment funding will be increased by an additional $100 million.
- Short term debt will be used temporarily until cash resources are recovered through surpluses over the next few years.

Debt Management Framework

The GNWT has historically financed capital spending through available cash surpluses derived from operating activities and when required, short-term borrowing. Given the GNWT operations are susceptible to one-time revenue shocks (both increases and decreases), this approach is not always the most practical or cost effective. Therefore, it is important that the GNWT consider altering its approach to funding large infrastructure projects and develop a sound framework for borrowing to appropriately manage debt over the short, medium and long term.

Tax Administration

An ongoing initiative, expected to span two to three years, is in process to perform more community visits to continue the education of Tobacco Retailers regarding the rules and regulations that must be followed in accordance with the *Tobacco Tax Act*. Annual Retail Dealer inventory counts will also be conducted. In a related initiative, by increasing the awareness by use of advertising we will be educating the general public on what constitutes contraband tobacco and advertising how to contact us (anonymously or otherwise) with any suspected tobacco contraband activity. By asserting our presence in person and by advertisement in the communities, the Treasury Division may receive more information from outside leads from the communities.

Risk Management & Insurance

Loss Control Surveys of 18 – 20 buildings were conducted in Norman Wells and Inuvik, with the participation of the GNWT's insurers and insurance brokers in June 2012.

Beginning in 2012, and in partnership with Office of the Fire Marshal and consultation with Public Works and Services, the Department will be implementing a Property Impairment Reporting Program which will formalize the required reporting of impairments to GNWT facilities' fire protection systems. The program will be initiated for a minimum of 150 building and will be rolled out across all GNWT facilities over the next year to 18 months.

The Department has established a Risk Management & Insurance shareware presence on the Finance webpage and will monitor and update content according to clients' needs.

The Department will begin collecting statistics on the number of reviews requested and completed for indemnity language and insurance requirements in contract negotiations.

KEY ACTIVITY 4: OFFICE OF THE COMPTROLLER GENERAL

Description

The Office of the Comptroller General is responsible for control of the administration of the consolidated revenue fund with respect to the receipt and payment of public money, accounting policy, the financial records of the GNWT, reporting responsibilities, financial analysis, advice and interpretation, internal auditing and related matters.

The Internal Audit Bureau provides an independent, objective assurance and consulting service to improve the GNWT's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

Accounting Services is responsible for the development of corporate accounting procedures and policies, administration and integrity of the government's financial information system, revenue, accounts receivable and accounts payable functions, making territorial power subsidy payments, management of the environmental liability fund, external financing reporting, and providing collections and credit granting functions.

The Financial Shared Services Division is responsible for providing a full suite of expenditure management services to the Departments of Finance, Executive, Human Resources and Aboriginal Affairs and Intergovernmental Relations.

Performance Measures

Measure 1 - Internal Audit Bureau provides internal audit service to all departments. In response to departmental needs, the nature of work undertaken by Internal Audit Bureau staff varies from year to year. The percentage of available audit staff time allocated to major categories indicates responsive of the Internal Audit Bureau to department needs:

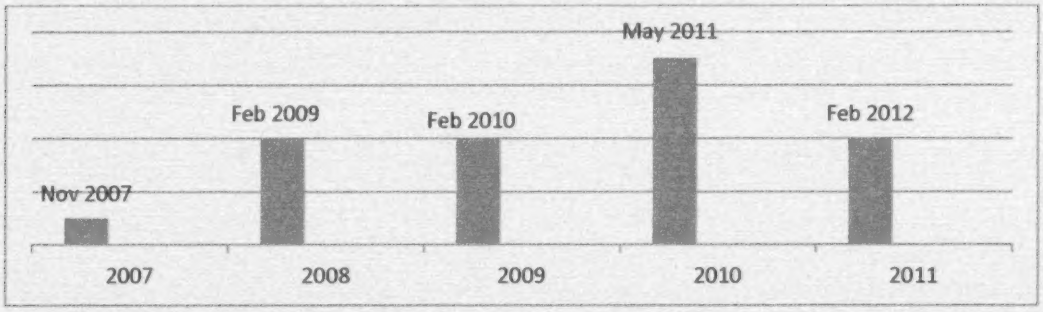
Categories	2008-09	2009-10	2010-11	2011-2012
Operational audits	35%	25%	32%	23%
Information technology audits	20%	29%	17%	16%
Other consulting and audit hours	3%	3%	4%	11%
Special audits	3%	13%	17%	20%
Other indirect hours	24%	19%	22%	23%
Professional Development hours	15%	11%	8%	7%

Measure 2 – Detection of loss of GNWT Assets through suspected or proven unlawful and irregular activities.

Fiscal Year	Client Irregularities	Employee Irregularities	Total Irregularities
2008-09	$2,100	$1,317	$3,417
2009-10	$44,188	$11,318	$55,506
2010-11	$54,999	$3,088	$58,087

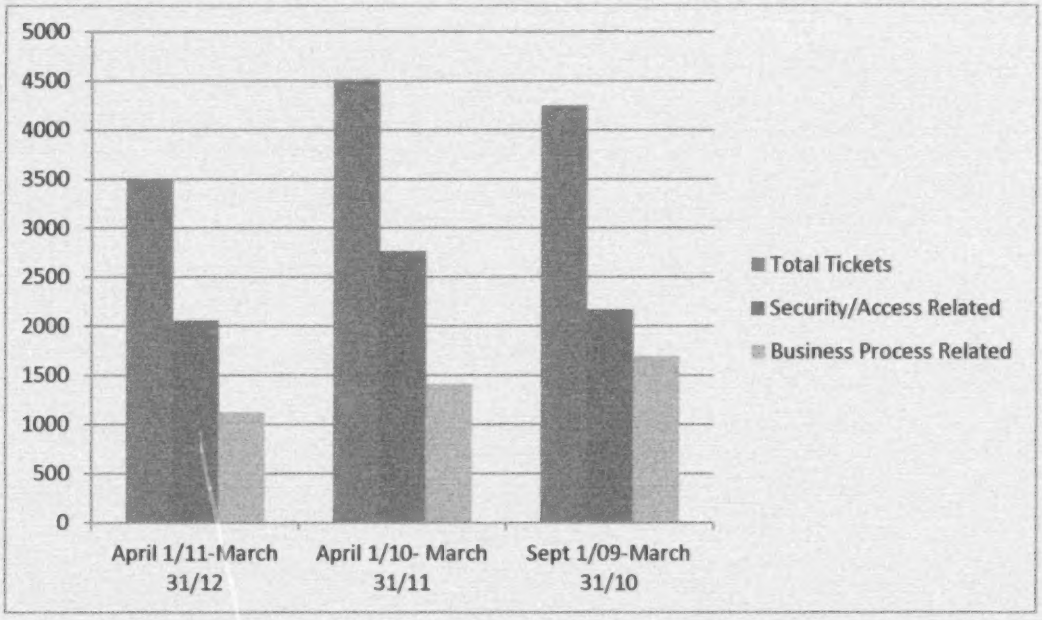
*Client irregularities include activities by GNWT program and service clients
*Employee irregularities include activities specific to GNWT employees

Measure 3 - Timeliness of the publication of Public Accounts



Measure 4 - Evidence of training sessions to support employees' knowledge of financial procedures, policies and directives

- SAM Help Desk Usage as reduced since implementation as illustrated in the following table:



*help desk tickets are classified as security/access related when they relate to password rests and new users. Business process type tickets relate to system users experiencing issues normally related to incorrect actions taken.

Other Initiatives

PeopleSoft Systems Support

In compliance with direction from the Financial Management Board (FMB) the Department of Finance and the Department of Human Resources will be working collaboratively to explore options for managing back end technical and functional support of the two PeopleSoft systems.

Financial Shared Services

As part of the Modern Management concept, the *Financial Administrative Renewal Strategy* and the *Financial Administrative Renewal Initiative Project Charter* were approved in 2007. Both the *Strategy* and the *Charter* included the proposal for a Financial Shared Services (FSS) Center for transaction-based activities including aspects of: accounts payable; general ledger; cashier and accounts receivable; financial systems operations; and other financial activities.

Planning is underway for the implementation of FSS Centres responsible for all financial transaction processing for all GNWT Departments and the Northwest Territories Housing Corporation (NWTHC). The establishment of FSS will allow for departments to focus on strategic financial management and program delivery rather than on administrative transaction processing functions. Departments will maintain the resources and responsibilities to do their own financial planning and analysis.

Implementation plans for a financial shared services model were developed in 2010-11. These plans include governance structure, service-level agreements, service delivery model, resource implications and an implementation schedule. GNWT Departments and the Northwest Territories Housing Corporation have been involved in the planning process.

The implementation strategy is based on a phased approach. Based on lessons learned it is important to test the organizational structure and new business processes on a smaller scale prior to implementation across the entire GNWT. Implementation is scheduled for September 2012 in the Beaufort Delta Region initially. Funding to support the implementation in the Beaufort Delta Region will be coming forward to the Legislative Assembly in a Supplementary Appropriation during the October 2012 session. The remaining regions will be phased in over the 2013-14 fiscal year, with headquarters phased in during fiscal 2014-15. Funding for minor office renovations and fit up will be required to support the regional office implementation. Funding to support further implementation of FSS will be coming forward in future years for approval.

KEY ACTIVITY 5: OFFICE OF THE CHIEF INFORMATION OFFICER

Description

The Office of the Chief Information Officer (OCIO) is the lead for the development of an effective, comprehensive and current informatics strategy. The strategy guides the development, management and use of the government's information resources, in a manner that supports the government's strategic business goals and operational needs. The Division is also responsible for the coordination and oversight of the Canadian Radio & Telecommunications Commission (CRTC) and ensures representation before the CRTC on matters affecting both NWT residents and businesses.

The OCIO serves as the GNWT's senior authority on corporate activities associated with Information Systems (IS), Information Technology (IT) and the management of information (IM). The OCIO provides strategic and operational advice to the Informatics Policy Council (IPC), and ensures strategy and policy implementation is undertaken in a timely and consistent manner. Other activities include;

- Collaborate with departments on development of strategic and policy frameworks;
- Provide day-to-day guidance regarding strategy and policy implementation;
- Coordinate all corporate-level processes pertaining to the IM/IS/IT environment;
- Provide governance support for and coordinate the flow of information to the IPC.

Performance Measures

The OCIO is a central agency, providing corporate oversight and guidance on the implementation of corporate strategy related to Information Systems and Technology and associated policies governing IM/IS/IT. The OCIO is working to establish better outcomes for corporate IM/IS/IT activities, but has limited control over the outcomes of departmental activities as departments have direct responsibility for these areas. As such, it can be difficult to measure performance against expected outcomes when responsibility for those outcomes rests with each individual department.

Finance, through the OCIO, also takes on an advocacy role with respect to Telecommunications issues in the north and represents residents and businesses in proceedings with the Canadian Radio-television and Telecommunications Commission. The OCIO is in the best position to take on this activity as we regularly deal with Canada and the private sector on broadband issues, as well as cellular and terrestrial landline phone services.

Measure 1: Knowledge Management Strategy Implementation

- The OCIO is responsible for leading the development and implementation of the GNWT's corporate strategy related to Information Systems and Technology. The OCIO and IPC began development of a renewed Knowledge Management Strategy (KMS) in 2011-12 which will be ready to bring forward for Financial Management Board (FMB) approval in late 2012-13. The renewed KMS reflects changes in both the business and the technological environment, which have occurred since the development of the original KMS in 2002. This measure is intended to demonstrate progress made towards finalizing the strategy, development of an implementation plan outlining specific initiatives to be implemented

along with timelines for implementation, assigning ownership to specific initiatives, and obtaining approval and signoff.

- The OCIO will lead the implementation of specific initiatives and will engage with departments to identify innovative ways to improve service delivery, with oversight provided by the IPC.

- As a component of the KMS, the OCIO is also responsible for the oversight and implementation of the GNWT's Strategic Security Plan, a plan designed to implement information security best practices, tools and techniques, to ensure the organization's information assets (systems and technology infrastructure) are protected, safe and secure.

	Progress
Knowledge Management Strategy	
Develop a revised Knowledge Management Strategy to provide direction for IM/IS/IT next	*Completed* June 2012
Identification, prioritization of initiatives & associated performance measures	*In-Progress* Est. completion Aug/Sept 2012
Obtain approval of the Informatics Policy Council (IPC)	Est. completion Sept 2012
Obtain approval of the Financial Management Board (IPC)	Est. completion Oct/Nov 2012
Strategic Security Plan	
Define strategic security plan and revise policy	*Completed* 2010-11
Rollout data encryption for all GNWT laptops	*Completed* 2011-12
Perform environmental scan and current state analysis of security in IS and IT environments	Est. completion Dec 2012
Define new security requirements and revise policy	Est. completion Mar 2013
Implement government-wide information security awareness program	Est. completion Aug 2013
Develop and implement a common Security Incident Response procedure and tracking methodology	Est. completion Dec 2013-14
Development of Business Continuity Plan framework for departments	Est. completion Mar 2014

Measure 2 – GNWT Participation in CRTC Regulatory Matters

- The OCIO is responsible for the ongoing monitoring of and participation in CRTC regulatory matters. These measures are designed to identify the key issues which come up throughout the year, which the GNWT intervene on behalf of residents and businesses of the NWT. The GNWT's goal is to ensure that the interests of NWT residents, businesses and GNWT are fully considered with respect to any decisions the Canadian Radio-Television and Telecommunications Commission (CRTC) and/or the Government of Canada may take with respect to existing regulated telecommunication services or other services (i.e. wireless, voice-over-internet-protocol (VOIP), internet, satellite and broadband). The key activities regarding CRTC regulatory matters are:
  - Improve GNWT awareness of the CRTC regulatory environment;
  - Identify issues of concern to the GNWT arising from CRTC regulatory actions;
  - Develop and present the GNWT's positions on matters, as needed.

Note: future year estimates are difficult to determine, as most items in front of the TSC are not planned in advance, but are dealt with on an *as and when needed* basis.

	2011-12	2012-13
Number of CRTC regulatory decisions reviewed for impacts	4	8
Number of analysis documents, positions papers or recommendations presented	3	6
Number of CRTC meetings, hearings or briefings attended or submitted comments on	2	4

Other Initiatives

Mackenzie Valley Fibre Link

The OCIO is working closely with the Deputy Secretary to FMB on the Mackenzie Valley Fibre Link (MVFL) project to ensure the project continues to move forward through the business case development, and to subsequent phases. The OCIO is providing technology oversight and advice to the project, and is handling project coordination activities until a P3 Project Leader is identified. Once constructed and operational, the GNWT's data communications network (DCN) will move onto the MVFL.

Strategic Security Plan Implementation

The implementation of a Strategic Security Plan is essential to ensure that the information assets held in trust by the GNWT are secured, in accordance with legislative and policy requirements. The plan will guide the implementation of security best practices, tools and methodologies to protect electronic information, to withstand scrutiny of internal and external audits and be cost effective and justifiable.

The ongoing activities in 2013-14 will include the completion of the environmental security scan of the GNWT's technology infrastructure and application systems, to establish a high-level threat/risk analysis, prioritize risks, and identify mitigation measures. A review and update of

the current Security Policy and Standards is planned, and the inclusion of any new requirements in light of environment security scans. Development of a government-wide Business Continuity Plan is also identified as a key initiative in the plan for 2013-14.

The Technology Service Centre (TSC) was previously approved for two positions to support implementation of the GNWT's Strategic Security Plan. After further analysis of the positions, the TSC and OCIO feel these positions are better positioned under the OCIO in the Department of Finance. These positions require broader security knowledge in all areas of IM/IS/IT, with a scope of responsibility exceeding the IT environment managed by the TSC. Public Works and Services will work with Finance to facilitate the transfer of these positions for 2013-14.

Electronic Records and Document Management System (ERDMS)

The OCIO took on a lead coordinating role for the implementation of the ERDMS amongst government departments, to ensure there was a coordinated approach to the selection and implementation of a common solution for government. The ERDMS will be used to store, organize, access and dispose of electronic business records.

The solution has been implemented in the Department of Public Works & Services, as well as the Legal Registries division of the Department of Justice. In 2012-13 through 2013-14, the OCIO will continue to lead the implementation of the solution in the three additional departments; Environment and Natural Resources, Industry Tourism & Investment and Municipal and Community Affairs.

Mobile Device Strategy

IPC has requested the OCIO develop a government-wide Mobile Device Strategy to guide the future implementation and integration of mobile devices into the workplace. The OCIO led the implementation of a pilot project for using tablets in late 2011-12. The success of the pilot has been well received and provided a good opportunity to learn lessons which can be incorporated into the broader strategy for mobile devices in general. This will also look at and provide guidance for the potential of employees using their personal devices for connecting to corporate email and services.

KEY ACTIVITY 6: LIQUOR REVOLVING FUND

Description

The Liquor Revolving fund is established under the *Liquor Act* and provides working capital to finance the operation of the Liquor Licensing Board, Liquor Licensing and Enforcement and the Liquor Commission.

The Liquor Licensing Board holds compliance hearings when violations of the Liquor Act and Regulations are brought forward by Enforcement. The Board also issues liquor licenses and permits.

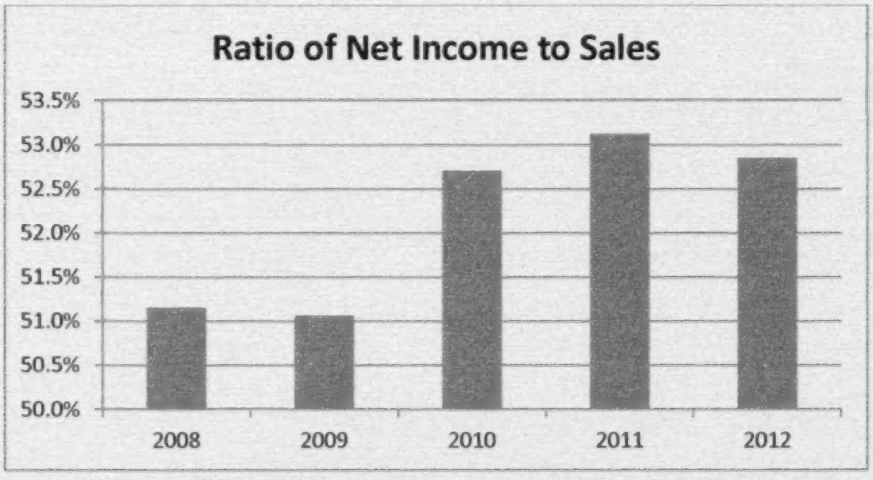
Liquor Licensing and Enforcement is responsible for the enforcement of the *Act* and to provide training to licensees and permit holders on their obligations under the *Act*. Communities wishing to exercise their options under the *Liquor Act* receive assistance from Licensing and Enforcement.

The Liquor Commission is responsible for the purchase, warehousing, distribution and sale of all alcoholic beverages.

Performance Measures

Measure 1 – Liquor net income ratio will be equal to at least 50 percent of gross liquor revenue

- The net income ratio, (net surplus to sales) provides a measurement of ongoing profitability. In 2012 the net income ratio was 52.8% of sales.



Measure 2 - Number of alcohol awareness and responsible use campaigns in the fiscal year

- During the fiscal year the Liquor Commission participated on the Canadian Liquor Jurisdictions' Social Responsibility (SR) Committee, worked to provide products that are socially responsible, and incorporated responsible messaging into product sales. In addition the Liquor Commission actively promoted the following seven (7) programs throughout the year.

    - Techniques of Alcohol Management, a liquor store server program.
    - Check 25, a program intended to prevent service to minors.
    - Alcohol warnings, messaging targeted to pregnant mothers and operators of motorized vehicles.
    - FSAD poster and brochure campaign.
    - Be prepared to talk to your children about alcohol booklet provides information regarding alcohol and youth and was available in our stores and to relevant institutions such as schools, medical clinics and drug and alcohol committees.
    - #TAXI, a program that facilitates the easy access to TAXI services through a common cell phone number (#TAXI).

- The Liquor Licensing and Enforcement division also conducts server training. Training is voluntary for liquor license holders.

- The following table illustrates the number of SR programs as well as server training participants:

	2008	2009	2010	2011	2012
Number of SR Programs	6	6	6	7	7
Server Training Participants	85	97	106	240	153

Other Initiatives

Liquor Commission

Store Contracts in Yellowknife, Inuvik, Norman Wells and Fort Simpson will be expiring within the next three years. An assessment of the store models performance will be undertaken and changes in the local and regulatory environment will be considered prior to proceeding with procurement. An investigation of liquor store requirements will be conducted and business models will be developed that will deliver best result for liquor distribution in each community with liquor store service.

The recent deregulation of the Norman Wells store is expected to influence a challenge to the status of the other designated store in Fort Simpson and to liquor legislation. Research and analysis will be undertaken on the best approach including options for further development of regulations relevant to liquor store and liquor sales and distribution.

Liquor legislation, regulation and policy will be reviewed with a view to identifying changes that will facilitate successful liquor manufacturing in the Northwest Territories.

Liquor Licensing and Enforcement

Liquor Licensing and Enforcement (LLE) will continue to educate licensees and their staff on the *Liquor Act* via a variety of mediums. Electronic or hard copies of the *Liquor Act* and Regulations along with the licensee manual will be provided to all license holders.

An enhanced emphasis will be placed on communications to license holders through the creation of a communications officer position which will be located in Hay River. A newsletter will be distributed to all license holders with valuable information on a quarterly basis.

Server training will continue to all license holders' staff as well as permitted events where 500 or more persons are expected to attend.

Communities wishing information on holding a plebiscite or request to have the community or a portion of the community temporarily prohibited will be contacted within 48 hours after the request is received

2. RESPONDING TO PRIORITIES

PRIORITY 1 - BUILD A STRONG AND SUSTAINABLE FUTURE FOR OUR TERRITORY

Description

- Achieving an increase to our borrowing limit
- Negotiating and implementing a devolution final agreement

Major Program and Service Initiatives Planned for 2013-14

Territorial Borrowing Limit

In March 2012, it was announced that the federally imposed borrowing limit would be raised to $800 million from $575 million. The increased borrowing limit does not change the GNWT's current fiscal strategy, as despite the relief on the borrowing limit level; a debt repayment strategy must be developed.

A review is currently underway by Finance Canada and the GNWT to create regulations that will clearly define what is included in the territorial borrowing limit for all three territories. The new borrowing limit will include borrowing instruments that are not covered by the current limit, including loan guarantees and capital leases.

The FAA, which provides the Financial Management Boards' legislative authority, will have to be amended to reflect the new definition of borrowing. It is anticipated that a Legislative Proposal will be entered into the legislative review process, following the release of regulations outlining the new definition by Finance Canada.

Devolution

Discussions towards a final Devolution Agreement will continue, led by the Department of the Executive. Finance will assist in financial negotiations, particularly those related to the determination of net fiscal benefit from the transfer of non-renewable resource revenues.

PRIORITY 3 – STRENGTHEN AND DIVERSIFY OUR ECONOMY

Description

- Making strategic infrastructure investments such as:
  - Mackenzie Valley Fibre Optic Link

Major Program and Service Initiatives Planned for 2013-14

Mackenzie Valley Fibre Optic Project

The GNWT believes a Mackenzie Valley fibre link would be of benefit to the NWT as it would support the operation of the Inuvik Satellite Station Facility (ISSF), improve data

communications for the GNWT and for communities along its route and help diversify the economy in the Mackenzie Valley.

Although the project is technically feasible, a key challenge will be to articulate the quantifiable costs and economic benefits alongside the more qualitative-type benefits (i.e. socio-economic) to Inuvik, the NWT and to Canada as well as the public policy objectives which the project could support.

The GNWT received confirmation from Public-Private Partnerships (P3) Canada that its application for consideration under Round 3 of their funding program was approved. P3 Canada determined the MVFL project to meet all of their qualifying criteria and believe the project has P3 potential. The project was initially submitted under P3's Round 3 funding cycle; however, P3 Canada had requested additional information in the business case which resulted in some additional work to be performed on the business case. This work is presently underway and the GNWT will now be submitting the project under Round 4, in early September 2012. In accordance with the GNWT's P3 Policy, a Business Case analysis will be undertaken and used to assess the viability of the project.

Once the project business case is completed, reviewed by Standing Committee and approved by the GNWT, the results will be presented to the P3 Canada Board for consideration under Round 4 of funding.

MEMBER PRIORITIES

Description

- Find new revenue sources

Major Program and Service Initiatives Planned for 2013-14

Finance will assess increases to tobacco, liquor and property tax rates to match inflation as appropriate. Department fees will be inflation-adjusted on a regular basis. Finance will also continue to propose new potential revenue sources for consultation.

Work will continue with the federal government to ensure adequate federal transfers from Territorial Formula Financing and other federal transfers.

3. RESOURCE SUMMARY

DEPARTMENTAL SUMMARY

(thousands of dollars)

	Proposed 2013-14 Main Estimates	2012-13 Revised Estimates	2012-2013 Main Estimates	2011-12 Actuals
Operations Expense				
Deputy Minister's Office	78,357	83,821	83,571	68,903
Fiscal Policy	24,894	23,494	23,494	22,010
Budget, Treasury and Debt Management	11,488	11,567	11,567	11,626
Office of the Comptroller General	22,215	21,053	21,053	24,196
Office of the Chief Information Officer	2,126	2,436	2,436	1,201
Total Operations Expense	**139,080**	**142,371**	**142,121**	**127,936**
Revenues	**1,478,176**	**1,411,060**	**1,411,060**	**1,287,176**

HUMAN RESOURCE SUMMARY

	Proposed 2013-2014	2012-13	2011-12	2010-11
Employees – Finance	121	110	107	108
Employees – Liquor Revolving Fund	13	13	13	13
Total Number of Employees	134	123	120	121

Appendix I – Financial Information

Operations Expense Summary

	2012-13 Main Estimates	PROPOSED ADJUSTMENTS: FG Collective Bargaining NA	Forced Growth	New Initiatives	Sunsets and Other Approved Adjustments	Internal Reallocation of Resources	2013-14 Business Plans
	($000)						
Deputy Minister's Office							
Deputy Minister's Office	438	-	-	-	-	-	438
Policy & Planning	2,075	-	-	-	-	-	2,075
Contribution to NWT Power Corp	15,600	-	-	-	(6,200)	-	9,400
Contribution to NWT Housing Corp	65,458	-	1,540	-	(804)	-	66,194
Contribution to Heritage Fund	-	-	-	-	250	-	250
Total Deputy Minister's Office	83,571	-	1,540	-	(6,754)	-	78,357
Fiscal Policy							
Fiscal Policy	1,294	-	-	-	-	-	1,294
Cost of Living Tax Credit	21,000	-	1,400	-	-	-	22,400
NWT Child Benefit	1,200	-	-	-	-	-	1,200
Total Fiscal Policy	23,494	-	1,400	-	-	-	24,894
Budget, Treasury, and Debt Management (BTDM)							
Deputy Secretary	251	-	-	-	(5)	-	246
Management Board Secretariat	1,409	-	-	-	-	-	1,409
Treasury							
Management	472	-	-	-	-	(74)	398
Banking & Cash Management	5,275	-	-	-	-	-	5,275
Risk Management & Insurance	2,863	-	-	-	-	-	2,863
Tax Administration	1,297	-	-	-	-	-	1,297
Total BTDM	11,567	-	-	-	(5)	(74)	11,488
Office of the Comptroller General (OCG)							
Comptroller General	279	-	-	-	-	-	279
Internal Audit Bureau	1,566	-	-	-	-	-	1,566
Accounting Services							
Management	416	-	-	-	-	-	416
SAM Sustainment	2,227	-	132	-	-	-	2,359
Financial Reporting and Collections	981	-	-	-	-	-	981
Policy & Systems	134	-	-	-	-	-	134
Territorial Power Subsidy Program	11,085	-	-	-	-	-	11,085
Financial Shared Services	2,420	-	199	-	831	-	3,450
Amortization	1,945	-	-	-	-	-	1,945
Total OCG	21,053	-	331	-	831	-	22,215
Office of the Chief Information Officer (OCIO)							
OCIO	2,181	-	-	-	(384)	74	1,871
Falcon Contribution	100	-	-	-	-	-	100
Amortization	155	-	-	-	-	-	155
Total OCIO	2,436	-	-	-	(384)	74	2,126
Total - Department of Finance	142,121	-	3,271	-	(6,312)	-	139,080

Explanation of Proposed Adjustments to Operations Expense

Key Activity / Task	Explanation of Proposed Adjustment	FG Collective Bargaining NA	Forced Growth	New Initiatives	Sunsets and Other Approved Adjustments	Internal Reallocation of Resources
Deputy Minister's Office						
Policy & Planning	Transfer of funds from the Consolidated Revenue Fund to the Heritage Fund				250	
Contribution to NTPC	NTPC - General Rate Application Revenue Shortfall Contribution				(6,200)	
Contribution to NWTHC	Information Technology Tools and Supports for LHOs				(58)	
	Energy Efficiency Upgrades for Public Housing (Energy Initiatives)				(700)	
	Local Housing Organization Property Taxes and Leases		156			
	Local Housing Organization Heating and Water & Sanitation Costs		374			
	Canada Mortgage and Housing Corporation Declining Federal Funding		1,010			
	Implementation of Financial Shared Services in the Beaufort- Delta				(46)	
	Total Deputy Minister's Office	**-**	**1,540**	**-**	**(6,754)**	**-**
Fiscal Policy						
Fiscal Policy	Increase in Cost of Living Tax Credit		1,400			
	Total Fiscal Policy	**-**	**1,400**	**-**	**-**	**-**
Budget, Treasury, and Debt Management (BTDM)						
Deputy Secretary	Deh Cho Diamonds - foregone interest				(5)	
	Administrative Assistant - Internal Transfer					(74)
	Total BTDM	**-**	**-**	**-**	**(5)**	**(74)**
Office of the Comptroller General (OCG)						
SAM Sustainment	SAM Server Support (TSC Chargeback)		132			
Financial Shared Services	FSS Beaufort Delta Implementation - Processing Utility Payments		199			
Financial Shared Services	Implementation of Financial Shared Services in the Beaufort- Delta - Departmental Budget Transfers				831	
	Total OCG	**-**	**331**	**-**	**831**	**-**
Office of the Chief Information Officer (OCIO)						
OCIO	Electronic Records - end user training				(184)	
	Security Strategy Implementation				(200)	
	Administrative Assistant - Internal Transfer					74
	Total OCIO	**-**	**-**	**-**	**(384)**	**74**
TOTAL PROPOSED ADJUSTMENTS		**-**	**3,271**	**-**	**(6,312)**	**-**

Major Revenue Changes: 2012-13 Main Estimates to 2013-14 Business Plan

Revenue Item	(thousands of dollars) 2012-13 Main Estimates	2013-14 Business Plans
GRANT FROM CANADA	**1,070,023**	**1,117,250**
TRANSFER PAYMENTS		
Canada Health Transfer	29,552	31,479
Canada Social Transfer	15,003	15,326
	44,555	**46,805**
TAXATION REVENUES		
Personal Income Tax	90,441	104,683
Corporate Income Tax	74,976	74,654
Tobacco Tax	17,326	17,058
Fuel Tax	16,586	18,411
Payroll Tax	41,488	42,170
Property Taxes and School Levies	25,440	26,154
Basic Insurance Premium Tax	4,100	4,400
Fire Insurance Premium Tax	300	315
	270,657	**287,845**
GENERAL REVENUES		
Liquor Commission Net Revenues	24,628	25,099
Housing - Interest	2	1
NSF Handling Fees	4	4
Debt Settlement	4	-
Investment Interest	614	650
Insurance License Fees	420	435
	25,672	**26,189**
RECOVERIES		
Insured and Third Party Recoveries	60	-
Investment Pool Cost Recoveries	80	74
Property Tax Administrator Fee	13	13
	153	**87**
TOTAL FINANCE	**1,411,060**	**1,478,176**

Liquor Revolving Fund – Financial Information

	Proposed Main Estimates 2013-14	Revised Estimates 2012-13	Main Estimates 2012-13	Actuals 2011-12
			($000)	
Authorized Fund Limit	6,500	6,500	6,500	6,500
OPERATING RESULTS				
Income				
Liquor Sales	47,549	46,978	46,978	46,300
Less: Cost of goods sold	17,239	17,197	17,197	16,922
Gross profit from sale of liquor	**30,310**	**29,781**	**29,781**	**29,378**
Liquor Licensing fees	442	430	430	410
Other income	5	5	5	66
	30,757	**30,216**	**30,216**	**29,854**
Liquor Commission Expenses				
Agency Commissions	3,086	2,969	2,969	3,209
Compensation and Benefits	1,059	1,105	1,105	1,048
Other Expenses	836	875	875	679
Liquor Licensing Board and Enforcement Expenses				
Compensation and Benefits	382	360	360	369
Other Expenses	295	279	279	313
	5,658	**5,588**	**5,588**	**5,618**
NET REVENUE	**25,099**	**24,628**	**24,628**	**24,236**

Proposed Adjustments to Grants and Contributions: 2012-13 Main Estimates to 2013-14 Business Plan

(thousands of dollars)

Key Activity	Explanation of Proposed Adjustment	2012-13 Main Estimates	Forced Growth	New Initiatives	Sunsets and Other Approved Adjustments	Internal Re-allocation	2013-14 Business Plan
Deputy Minister's Office							
Contribution to NWTHC	Business Plan Adjustments	65,458	1,540	-	(804)	-	66,194
Contribution to NTPC	NTPC - General Rate Application Revenue Shortfall Contribution	15,600	-	-	(6,200)	-	9,400
NWT Heritage Fund	Heritage Fund Contribution	-	-	-	250	-	250
	Total Deputy Minister's Office	**81,058**	**1,540**	**-**	**(6,754)**	**-**	**75,844**
Fiscal Policy							
	Cost of Living Tax Credit	21,000	1,400	-	-	-	22,400
	NWT Child Benefit	1,200	-	-	-	-	1,200
	Total Fiscal Policy	**22,200**	**1,400**	**-**	**-**	**-**	**23,600**
Budget, Treasury & Debt Management							
Deputy Secretary	Debt Settlement	6	-	-	(5)	(1)	-
	Total BTDM	**6**	**-**	**-**	**(5)**	**(1)**	**-**
Office of the Comptroller General							
Territorial Pow er Subsidy Program	TPSP	11,085	-	-	-	-	11,085
	Total OCG	**11,085**	**-**	**-**	**-**	**-**	**11,085**
Office of the Chief Information Officer							
	Falcon Contribution	100	-	-	-	-	100
	Total CIO	**100**	**-**	**-**	**-**	**-**	**100**
TOTAL GRANTS AND CONTRIBUTIONS		**114,449**	**2,940**	**-**	**(6,759)**	**(1)**	**110,629**

Appendix II – Human Resources Reconciliation

Position Changes: 2012-13 Main Estimates to 2013-14 Business Plan

	Number of Positions	Location	Total
Finance	110		110
Liquor Revolving Fund	13		13
2012-2013 Main Estimates	123		123
Reductions:			
	-		-
Forced Growth:			
Accounting Clerk - FSS Utility Processing	1	Inuvik	1
Accounting Clerk - FSS Utility Processing	1	Inuvik	1
Other Approved Adjustments:			
Assistant Director, Beaufort Delta Ops. - FSS BeauDel Implementation	1	Inuvik	1
Manager, Financial Operations - FSS BeauDel Implementation	1	Inuvik	1
Senior Finance Officer - FSS BeauDel Implementation	1	Inuvik	1
Finance Officer - FSS BeauDel Implementation	1	Inuvik	1
Finance Officer - FSS BeauDel Implementation	1	Inuvik	1
Senior Accounting Clerk - FSS BeauDel Implementation	1	Inuvik	1
Senior Accounting Clerk - FSS BeauDel Implementation	1	Inuvik	1
Senior Accounting Clerk - FSS BeauDel Implementation	1	Inuvik	1
Accounting Clerk - FSS BeauDel Implementation	1	Inuvik	1
Internal Reallocation:			
	-		-
New Positions:			
	-		-
Total Proposed Positions 2013-14 Business Plan	134		134
Increase (Decrease)	11		11

Appendix III – Infrastructure Investments

Electronic Records & Document Management System (ERDMS)
The Office of the CIO (OCIO) will continue to lead the implementation of the GNWT's standard ERDMS for the management of information resources. The OCIO has been leading the design, development, selection and implementation of the solution since its original inception in 2010-11 and concluded a pilot project implementation in the first department (Public Works and Services) in late 2011-12. The OCIO will continue to lead the implementation of this solution in three additional departments, beginning in late 2012-13 and continuing into 2013-14. This will involve the design, configuration, training and rollout of the solution to the three departments as follows; Environment and Natural Resources, Industry Tourism and Investment and Municipal and Community Affairs.

The department is then taking a one year break before implementing remaining departments, in order to allow time for the supporting department (Public Works and Services) to ensure there are ample supports in place before proceeding with implementation in all remaining departments. The OCIO and Records Management Unit of Public Works and Services are presently evaluating the ongoing resource requirements in order to support a full government-wide rollout of the solution, and will be presenting an ongoing sustainability plan to the Informatics Policy Council for consideration in late 2012-13.